



First-Half Report 2005

komax

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Consolidated balance sheet

CHF 1,000	30.6.05	%	31.12.04	%
Assets				
Cash and cash equivalents	19,509		39,042	
Securities	1,901		73	
Trade receivables	73,425		52,271	
Other receivables and accrued income / prepaid expenses	7,776		4,378	
Inventories	36,614		31,156	
Total current assets	139,225	53.9	126,920	55.8
Deferred tax assets	10,719		7,220	
Prepayments for pension fund liabilities	2,163		1,983	
Shares in joint ventures	3		26	
Tangible assets	74,160		70,246	
Intangible assets	32,102		21,104	
Total fixed assets	119,147	46.1	100,579	44.2
Total assets	258,372		227,499	
Liabilities and shareholders' equity				
Financial liabilities	9,000		12,100	
Trade payables	15,788		11,339	
Other liabilities and accrued expenses / deferred income	31,688		20,503	
Tax liabilities	1,664		2,965	
Provisions	2,210		2,950	
Total current liabilities	60,350	23.4	49,857	21.9
Financial loans	23,850		11,750	
Deferred tax liabilities	7,863		7,081	
Total long-term liabilities	31,713	12.3	18,831	8.3
Total liabilities	92,063	35.6	68,688	30.2
Share capital	23,926		23,861	
Treasury shares	-3,934		-463	
Capital surplus (premium)	44,372		43,672	
Retained earnings ¹⁾	94,414		71,783	
Group profit ¹⁾	7,531		19,958	
Total shareholders' equity	166,309	64.4	158,811	69.8
Total liabilities and shareholders' equity	258,372		227,499	

1) Restatement of 2004 business year owing to first-time application of IFRS 2 (Share-based Payment).

Consolidated income statement for first half

CHF 1,000	1 st half 2005	%	1 st half 2004	%
Sales of goods and services	117,579		112,569	
Other operating income	3,303		2,478	
Sales deduction	-1,171		-1,368	
Net sales	119,711	100.0	113,679	100.0
Expenditure on materials	44,256	37.0	36,523	32.1
External services	6,543	5.5	7,250	6.4
Cost of goods sold	50,799	42.4	43,773	38.5
Gross profit	68,912	57.6	69,906	61.5
Personnel expenses ¹⁾	41,096	34.3	36,882	32.4
External service costs for development expenses	1,213	1.0	1,277	1.1
Production, sales and administrative expenses	12,670	10.6	10,702	9.4
Depreciation and amortization	3,901	3.3	4,206	3.7
Operating expenses	58,880	49.2	53,067	46.7
Result from joint ventures and participations	-23	-0.0	-48	-0.0
Operating profit (EBIT)	10,009	8.4	16,791	14.8
Financial result	-888	-0.7	-144	-0.1
Profit before tax	9,121	7.6	16,647	14.6
Taxes	1,590	1.3	3,594	3.2
Group profit after tax	7,531	6.3	13,053	11.5
Basic earnings per share (in CHF)	2.38		4.14	
Diluted earnings per share (in CHF)	2.33		4.07	

In order to enhance comparability, the classification of the prior-year figures has been adapted.

1) Restatement of first half of 2004 owing to first-time application of IFRS 2 (Share-based Payment).

Consolidated cash flow statement for first half

CHF 1,000	1 st half 2005	1 st half 2004
Operating profit (EBIT)¹⁾	10,009	16,791
Depreciation on tangible assets	3,018	2,830
Depreciation on intangible assets and participations	905	836
Amortization of goodwill	0	587
Profit (-) loss (+) on liquidation of fixed assets	-128	0
Share-based payments (employee options)	423	216
Financial income	157	5
Financial expenses	-354	-558
Tax expenses	-1,854	-5,073
Increase (+) / decrease (-) in long-term provisions	-1,047	500
Cash flow before change in net current assets	11,129	16,134
Increase (-) / decrease (+) in accounts receivable	-14,051	6,948
Increase (-) / decrease (+) in inventories	-3,273	-2,714
Increase (+) / decrease (-) in accounts payable	2,864	-3,991
Increase (-) / decrease (+) in other net current assets	8,243	-928
Net cash from operating activities	4,912	15,449
Investments in tangible assets	-2,119	-4,867
Sales of tangible assets	128	0
Investments in intangible assets	-709	-149
Investments in Group companies and shareholdings	-23,875	0
Net cash from investing activities	-26,575	-5,016
Increase in financial liabilities	4,500	0
Repayment of financial liabilities	-8,600	-5,470
Purchase of securities	-6,889	0
Sale of securities	5,061	0
Acquisition of treasury shares	-5,245	-2,178
Sale of treasury shares	1,606	1,578
Raising of financial loans	12,100	0
Capital increase from exercise of options	765	0
Net cash from financing activities	3,298	-6,070
Foreign currency impacts and exchange differences	-1,168	37
Increase (+) / decrease (-) in funds	-19,533	4,400
Cash and cash equivalents at January 1	39,042	21,683
Cash and cash equivalents at end of period	19,509	26,083

In order to enhance comparability, the classification of the prior-year figures has been adapted.

1) Restatement of first half of 2004 owing to first-time application of IFRS 2 (Share-based Payment).

Consolidated shareholders' equity

as at June 30, 2005 CHF 1,000	Share capital	Treasury shares	Premium	Retained earnings	Group profit	Shareholders' equity	cumulative currency differences¹⁾
Balance on December 31, 2005	23,861	-463	43,672	71,351	20,390	158,811	-7,386
Restatement applying IFRS 2				432	-432	0	
Balance on December 31, 2004 (restated)	23,861	-463	43,672	71,783	19,958	158,811	-7,386
Balance on January 1, 2005	23,861	-463	43,672	91,741		158,811	-7,386
Group profit in 1 st half of 2005					7,531	7,531	
Capital increase from exercise of options	65		700			765	
Transactions in treasury shares		-3,471		-168		-3,639	
Share-based payment				423		423	
Currency translation differences				2,418		2,418	2,418
Balance on June 30, 2005	23,926	-3,934	44,372	94,414	7,531	166,309	-4,968
as at June 30, 2004 CHF 1,000	Share capital	Treasury shares	Premium	Retained earnings	Group profit	Shareholders' equity	cumulative currency differences¹⁾
Balance on December 31, 2003	28,633	-1,955	43,672	52,522	20,801	143,673	-5,318
Restatement applying IFRS 2				254	-254	0	
Balance on December 31, 2003 (restated)	28,633	-1,955	43,672	52,776	20,547	143,673	-5,318
Balance on January 1, 2004	28,633	-1,955	43,672	73,323		143,673	-5,318
Group profit in 1 st half of 2004					13,053	13,053	
Transactions in treasury shares		-765		165		-600	
Share-based payment				216		216	
Currency translation differences				-78		-78	87
Balance on June 30, 2004	28,633	-2,720	43,672	73,626	13,053	156,264	-5,231

1) The cumulative currency differences are included in retained earnings.

Notes to the semiannual statements dated June 30, 2005

1. Consolidation principles

The present, unaudited semiannual statements of the Komax Group were prepared in accordance with International Financial Reporting Standards (IFRS), with particular reference to IAS 34 "Interim Financial Reporting". The statements are based on the accounting principles set out in the 2004 Annual Report of the Komax Group, which were applied without changes except for the following:

IFRS 2 – Share-based payment

Under IFRS 2, the market value of share-based payment instruments issued to employees must be recorded as expenditure. Up until December 31, 2004, no expenditure was recorded in the Group's consolidated annual financial statements. From January 1, 2005, the fair value of the employee benefits received in exchange for options is recorded under Personnel expenses. The total amount of the recordable expenditure on employee options issued after November 7, 2002, and not yet freely disposable is amortized over the relevant term of the lock-up period and is posted under expenditure. On each balance sheet reference date, the estimated number of options which can be expected to become eligible to be exercised and which are relevant for determining the agreed fair value is reviewed. The impact of any changes in original estimates which need to be considered is taken into account in the income statement and through a corresponding adjustment to shareholders' equity over the remaining period until the vesting period. The payments received on exercising the options will be credited to the subscribed capital (par value) and to the capital reserves after deduction of directly imputable transaction costs.

In the annual financial statements, the changes have the following impact in relation to IFRS 2:

Position in balance sheet/ income statement CHF 1,000	1 st half 2005	1 st half 2004	2004
Personnel expenses	+423	+216	+432
Retained earnings	+423	+216	+432
Group profit	-423	-216	-432

The prior-year figures have been restated to facilitate comparison.

IFRS 3 – Business combinations

As a result of the introduction of IFRS 3, and the resulting revision of the IAS 36 and IAS 38 in 2004, there has been a change in the preparation of annual financial statements in terms of goodwill. Up until December 31, 2004, goodwill was:

- amortized over 20 years using the straight-line method and
- was reviewed on each balance sheet date for any signs of impairment.

In conformity with IFRS 3, there will no longer be any goodwill amortizations from January 1, 2005. In the first half of 2004, goodwill amortizations totaling CHF 0.6 million were applied. The figure for the 2004 financial year as a whole was CHF 1.2 million.

Goodwill is checked for changes in value at least once a year or if it shows signs of impairment. The accumulated depreciations of CHF 6.2 million as of December 31, 2004, were eliminated with a corresponding reduction in goodwill. IFRS 3 does not require a restatement of the previous year's figures.

2. Changes in the scope of consolidation

As of January 1, 2005, a 100% shareholding in Sigma AG, Stans (NW) was acquired from the Bossard Group and as of April 1, 2005, a 100% shareholding in Ismeca Automation Holding AG, La Chaux-de-Fonds (NE) was acquired from the Schweiter Technologies Group. Details of the takeovers are given under Notes information 3.

Notes to the semiannual statements dated June 30, 2005

3. Purchase of shareholdings

3.1 Purchase of Sigma AG, Stans

As of January 1, 2005, Komax Holding AG took over 100% of the share capital of Sigma AG, Stans (NW). Sigma AG's activities are mainly focused on smaller systems, and the company produces transfer systems and mechanized assembly workplaces. The purchase price of CHF 6.5 million provisionally fixed at the time of the interim report may increase by a maximum of CHF 0.75 million after the close of the 2005 financial year. The more probable purchase price of CHF 6.5 million is taken as the basis for calculating goodwill. On the balance sheet the transaction was reported according to the purchase method (purchase accounting).

Between January 1, 2005, and June 30, 2005, the acquired company contributed TCHF 4,805 to sales, TCHF -303 to the operating result and TCHF -261 to Group earnings.

The following assets and liabilities were acquired under the terms of the purchase:

CHF 1,000	Book value before takeover	Fair value adjustments	Fair value
Market value of net assets acquired:			
Cash and cash equivalents	36	0	36
Trade receivables	2,297	63	2,360
Other receivables and accrued income / prepaid expenses	1,285	-1	1,284
Inventories	587	-145	442
Deferred tax assets	0	892	892
Tangible assets	2,940	768	3,708
Intangible assets	118	6	124
Trade payables	-404	0	-404
Other liabilities and accrued expenses / deferred income	-1,615	-63	-1,678
Provisions	-563	485	-78
Financial loans	-1,000	0	-1,000
Deferred tax liabilities	0	-306	-306
Total net assets acquired	3,681	1,699	5,380
Difference (goodwill)			1,130
Total purchase price			6,510
Acquisition costs (auditors' and legal fees, stamp tax)			10
Total acquisition value			6,510
Compensation in the form of cash			7,260
Less payment already made to Bossard AG amounting to the possible purchase price reduction			-750
Total purchase price			6,510
Paid during the year under review			7,260
Less cash and cash equivalents acquired			-36
Cash flow from acquisition of shareholdings			7,224

Notes to the semiannual statements dated June 30, 2005

3.2 Purchase of Ismecca Automation Holding AG, La Chaux-de-Fonds

As of April 1, 2005, Komax Holding AG took over 100% of the share capital of Ismecca Automation Holding SA, La Chaux-de-Fonds (NE), which in turn holds two 100% shareholdings in Ismecca Europe Automation SA, La Chaux-de-Fonds, and Ismecca France Sarl, Chatillon le Duc (F). Ismecca Europe Automation SA is active in assembly automation and produces, among other things, systems for the medical technology sector and the consumer goods industry. The purchase price of CHF 24 million will not be finalized until after the close of the 2005 financial year. It may change slightly depending on the company's success in

winning a major project and based on issues still outstanding in the contract with the selling party. The purchase price of CHF 24 million, which currently looks more probable, is taken as the basis for calculating goodwill. On the balance sheet, the transaction was reported according to the purchase method (purchase accounting).

Between January 1, 2005, and June 30, 2005, the acquired company contributed TCHF 9,981 to sales, TCHF 872 to the operating result and TCHF -530 to Group earnings. Had the acquisition already taken place on January 1, 2005, consolidated sales would have amounted to TCHF 128,231 in the first half of 2005 and the consolidated result would have come to TCHF 7,486.

The following assets and liabilities were acquired under the terms of the purchase:

CHF 1,000	Book value before takeover	Fair value adjustments	Fair value
Market value of net assets acquired:			
Cash and cash equivalents	7,399	23	7,422
Trade receivables	12,115	-2,186	9,929
Other receivables and accrued income / prepaid expenses	3,911	1	3,912
Inventories	1,576	169	1,745
Deferred tax assets	0	228	228
Tangible assets	19	0	19
Trade payables	-1,176	-5	-1,181
Other liabilities and accrued expenses / deferred income	-6,861	364	-6,497
Provisions	-540	-3	-543
Deferred tax liabilities	-360	180	-180
Total net assets acquired	16,083	-1,229	14,854
Difference (goodwill)			9,219
Total purchase price			24,000
Acquisition costs (auditors' and legal fees, stamp tax)			73
Total acquisition value			24,073
Compensation in the form of cash			24,073
Paid during the year under review			24,073
Less cash and cash equivalents acquired			-7,422
Cash flow from acquisition of shareholdings			16,651

Notes to the semiannual statements dated June 30, 2005

4. Capital reduction and adjustment of the conditional capital

The General Meeting on May 17, 2005, adopted a par value repayment of CHF 2 per registered share in place of a dividend, thereby reducing the par value to CHF 5.50 per registered share. The payment to shareholders was remitted as of value date August 2, 2005, the last trading day being August 1, 2005.

As a result of the par value reduction, the nominal amount of the conditional capital was reduced by CHF 719,826 to CHF 1,979,522.

Information for shareholders:

Komax Holding AG registered shares are listed on the main stock exchange in Zurich. Security no.: 1'070'215; Telekurs: KOMN; Reuters: KOMn.S

	June 30, 2005 ¹⁾	Dec. 31, 2004
Share capital (in CHF 1,000)	17,545	23,861
Number of shares (in units)	3,190,087	3,181,406
Market capitalization as of reference date (in CHF 1,000)	312,628	357,590
Closing price as of reference date (in CHF)	98.00	112.40

1) After taking account of the capital reduction adopted at the General Meeting on May 17, 2005, and entered in the Commercial Register on August 2, 2005.

5. Contingent liabilities

Contingent liabilities increased by CHF 4.8 million compared with December 31, 2004.

6. Events after the balance sheet date

On August 2, 2005, the reduction in share capital from CHF 23,925,653 to CHF 17,545,479 adopted at the General Meeting on May 17, 2005, was entered in the Commercial Register.

Between the balance sheet reference date and the adoption of the consolidated financial statements by the Board of Directors on August 23, 2005, no further significant events occurred which might make the 2005 semiannual financial statements less meaningful or which would warrant disclosure at this point.

Important exchange rates as of the balance sheet reference date and on average:

Currency	Rate on 30.6.05	Average rate in 1H 05	Rate on 31.12.04	Average rate in 04
USD	1.290	1.210	1.140	1.250
EUR	1.560	1.560	1.555	1.560
BRL	0.545	0.471	0.430	0.430
SGD	0.770	0.726	0.700	0.747

